

City of Calera, Alabama
Financial Statements
September 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
The City of Calera, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Calera, (the City), as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in the net pension liability, schedule of employer contributions and the schedule of changes in net OPEB liability information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the selected date and schedules but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the City of Calera's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Calera's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Calera's internal control over financial reporting and compliance.

Fruitt Tingle Paramore & Argent, LLC

Birmingham, Alabama

March 23, 2023

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

The City of Calera's Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements.

HIGHLIGHTS

Financial Highlights

- The City's combined assets and deferred outflows of resources exceeded its combined liabilities and deferred inflows of resources by \$66,133,129 which will allow the City to continue to meet ongoing obligations to citizens and creditors.
- The General Fund reported a fund balance of \$15,266,975, an increase of \$1,475,340. The General Fund's Excess of Revenues over Expenditures was \$6,566,501.
- The Proprietary Funds reported a combined fund balance of \$16,755,308 an increase of \$139,083. The Proprietary Fund's Operating Income was \$953,259.
- The total cost of all City's programs was \$26,389,160.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14-16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 17. For governmental activities, these statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 8. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private sector companies. All the current year revenues and expenses are taken into account regardless of when cash is received or paid.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

The Statement of Net Position and the Statement of Activities report the City's net position and changes in net position. You can think of the City's net position - the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position, is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including general administration, street, mechanic, planning and zoning, engineering, inspections, building maintenance, police, fire and rescue, library, parks and recreation, senior center, and the municipal court. Property taxes, sales taxes, program revenues, and transfers from business-type activities finance most of these activities.
- **Business-type Activities** – The City's Natural Gas System Fund, Sewer System Fund, and Garbage Fund are reported here. The City charges a fee to customers to cover costs of these services.
- **Component Units** – The City includes on separate legal entity in its report – the Water Works Board of the City of Calera, Alabama. Although legally separate, this "component unit" is important because the City is financially accountable for them. Complete financials are available by contacting the Water Works Board of the City of Calera, Alabama.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations after the fund financial statements.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

- Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

Net Position

The City's combined net position increased by \$6,569,459 from 2021 to 2022. The governmental activities net position increased by \$6,430,376 or approximately 15%, while business type activities net position increased by \$139,083, or approximately 1%. This increase in governmental activities resulted primarily from an increase in sales taxes and property taxes in addition to an increase in capital grants and contributions. The increase in business type activities resulted primarily from an increase in charges for services

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business - type Activities		Totals	
	For the Year Ended		For the Year Ended		For the Year Ended	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 28,978,501	\$ 24,936,533	\$ 24,651,710	\$ 6,151,531	\$ 53,630,211	\$ 31,088,064
Capital Assets	58,769,744	57,116,109	21,771,741	21,285,443	80,541,485	78,401,552
Total assets	87,748,245	82,052,642	46,423,451	27,436,974	134,171,696	109,489,616
Deferred outflows of resources	5,414,001	5,404,914	798,693	807,350	6,212,694	6,212,264
Other liabilities	5,318,571	4,240,735	675,598	1,428,084	5,994,169	5,668,819
Long-term liabilities	28,049,469	35,499,657	29,424,682	10,106,715	57,474,151	45,606,372
Total liabilities	33,368,040	39,740,392	30,100,280	11,534,799	63,468,320	51,275,191
Deferred inflows of resources	10,416,385	4,769,719	366,556	93,300	10,782,941	4,863,019
Net position						
Net investment in capital assets	40,983,648	36,490,574	11,874,780	12,440,870	52,858,428	48,931,444
Restricted	3,441,684	2,056,144	335,597	325,434	3,777,281	2,381,578
Unrestricted	4,952,489	4,400,727	4,544,931	3,849,921	9,497,420	8,250,648
Total net position	\$ 49,377,821	\$ 42,947,445	\$ 16,755,308	\$ 16,616,225	\$ 66,133,129	\$ 59,563,670

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

For more detailed information, see the Statement of Net Position on pages 14-15.

The City's combined net position increased to \$66,133,129 from \$59,563,670 or 11%. The City's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, was \$4,952,489 which is an increase of \$551,762 from the prior year, or 13%. This increase results from an increase in current assets as well as a decrease in long-term liabilities.

Changes in Net Position

The City's total revenues increased by approximately 7% to \$32,958,619. For governmental activities, sales taxes account for approximately 63% of revenues. Property taxes account for approximately 11%. The majority of the remaining governmental activities revenues come from fees and charges for services, other taxes, and capital grants and contributions.

The total cost of all programs and services increased by \$1,534,006, or approximately 6%. Expenses of business-type activities increased by \$1,325,178 and the cost of governmental activities increased by \$208,828.

The table on the following page reflects the condensed Statement of Activities.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

	<u>Governmental Activities</u>		<u>Business - type Activities</u>		<u>Totals</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program Revenues						
Fees, fines, and charges						
for services	\$ 4,053,380	\$ 4,017,462	\$ 7,902,626	\$ 7,573,117	\$ 11,956,006	\$ 11,590,579
Operating grants and contributions	267,981	218,566	-	-	267,981	218,566
Capital grants and contributions	1,555,697	1,369,305	46,036	-	1,601,733	1,369,305
General Revenues						
Sales taxes	15,701,607	14,503,638	-	-	15,701,607	14,503,638
Property taxes	2,745,909	2,460,547	-	-	2,745,909	2,460,547
Other taxes	555,319	516,279	-	-	555,319	516,279
Interest income	39,183	37,083	4,609	2,984	43,792	40,067
Lease income	24,411	27,953	-	-	24,411	27,953
Other income	64,082	185,754	(2,221)	-	61,861	185,754
Total Revenues	25,007,569	23,336,587	7,951,050	7,576,101	32,958,619	30,912,688
EXPENSES						
General Administration	2,210,485	1,658,089	-	-	2,210,485	1,658,089
Street	1,312,190	1,333,399	-	-	1,312,190	1,333,399
Mechanic	184,105	189,217	-	-	184,105	189,217
Planning and zoning	104,999	103,396	-	-	104,999	103,396
Engineering	537,925	609,067	-	-	537,925	609,067
Inspections	270,542	286,615	-	-	270,542	286,615
Building maintenance	324,693	320,250	-	-	324,693	320,250
Police	4,596,002	4,812,089	-	-	4,596,002	4,812,089
Fire and rescue	4,832,170	4,903,713	-	-	4,832,170	4,903,713
Library	469,240	408,050	-	-	469,240	408,050
Parks and recreation	2,206,776	2,051,242	-	-	2,206,776	2,051,242
Senior center	120,259	114,769	-	-	120,259	114,769
Rolling hills	562,573	609,552	-	-	562,573	609,552
Donations	18,080	5,500	-	-	18,080	5,500
Municipal court	239,680	309,169	-	-	239,680	309,169
Cemetery	-	-	-	-	-	-
Interest	799,353	866,127	-	-	799,353	866,127
Natural gas system	-	-	2,859,882	1,971,673	2,859,882	1,971,673
Sewer system	-	-	3,848,745	3,364,536	3,848,745	3,364,536
Other proprietary funds	-	-	891,461	938,701	891,461	938,701
Total Expenses	18,789,072	18,580,244	7,600,088	6,274,910	26,389,160	24,855,154
Excess (deficiency)						
before transfers & capital contributions	6,218,497	4,756,343	350,962	1,301,191	6,569,459	6,057,534
Transfers	211,879	462,930	(211,879)	(462,930)	-	-
Change in net position	6,430,376	5,219,273	139,083	838,261	6,569,459	6,057,534
Beginning net position	42,947,445	37,728,172	16,616,225	15,777,964	59,563,670	53,506,136
Ending net position	\$ 49,377,821	\$ 42,947,445	\$ 16,755,308	\$ 16,616,225	\$ 66,133,129	\$ 59,563,670

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

THE CITY'S FUNDS

Governmental Funds

As of the year-end, the Governmental Funds reported a combined fund balance of \$19,617,420, which is \$2,828,220 more than the beginning of the year. The General Fund experienced a net increase of \$1,475,340, resulting primarily from revenues in excess of expenditures. The American Rescue Fund experienced a net increase of \$35,271 resulting primarily of grant revenues in excess of capital outlay expenditures in the current year. The Capital Projects Fund experienced a net increase of \$1,041,148, resulting primarily from transfers from the general fund in excess of capital outlay expenditures in the current year. The Debt Service Fund experienced a net increase of \$30,162, resulting primarily from transfers from the general fund in excess of debt retired. The Other Governmental Funds experienced a net increase of \$245,849.

Proprietary Funds

As of the year-end, the Proprietary Funds reported a combined net position of \$16,755,308, which is approximately 1% more than the beginning of the year. The Natural Gas System experienced a net increase of \$59,001 after interfund transfers to other funds of \$337,927. The Sewer System experienced a net decrease of (\$10,409) due to interest costs on the new Series 2021-CWSRF-DL general obligation warrants issued in the current year. The Garbage Fund experienced a net increase of \$90,491 after transfers of \$125,000 to the General Fund.

General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by \$253,981. Actual sales tax revenues exceeded budgeted sales tax revenues.

General Fund expenditures were less than budgeted amounts by \$1,161,523.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the City had \$80,541,485 invested in a broad range of capital assets, including the Natural Gas System, Sewer System, Garbage Fund, land, roadways, fire and police equipment and vehicles, buildings, and park facilities. This amount represents a net increase (including additions and deductions) of \$2,139,933, or approximately 2.7% over last year. The City's additions to capital assets included roadway and intersection improvements, building relocation, building improvements, police equipment, fire equipment, vehicles and park equipment. These additions were offset by the retirements of assets no longer in service and by depreciation expense.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

CAPITAL ASSETS

	Governmental Activities		Business - type Activities		Totals	
	For the Year Ended		For the Year Ended		For the Year Ended	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
Land	\$ 20,040,022	\$ 20,040,022	\$ 441,853	\$ 441,853	\$ 20,481,875	\$ 20,481,875
Construction in progress	3,082,878	3,455,356	1,811,306	1,272,086	4,894,184	4,727,442
Land Improvements, net	2,357,246	2,431,161	-	-	2,357,246	2,431,161
Infrastructure, net	13,492,423	14,064,919	-	-	13,492,423	14,064,919
Systems and facilities, net	-	-	17,715,181	18,476,620	17,715,181	18,476,620
Buildings and improvements, net	16,104,198	14,011,488	550,908	329,245	16,655,106	14,340,733
Vehicles, net	1,985,326	1,415,684	617,562	395,009	2,602,888	1,810,693
Equipment, net	1,707,651	1,697,479	634,931	370,630	2,342,582	2,068,109
Total capital assets, net	\$ 58,769,744	\$ 57,116,109	\$ 21,771,741	\$ 21,285,443	\$ 80,541,485	\$ 78,401,552

Debt

At September 30, 2022, the City had \$49,245,966 in warrants, and notes payable outstanding versus \$31,605,537 at September 30, 2021, a increase of 56%. This increase results from the new Series 2021-CWSRF-DL general obligation warrants issued in the current year offset by normal principal repayments during the year. Other obligations of the City include accrued vacation leave, holiday leave, and compensatory time, other post-employment benefits, and the net pension liability.

DEBT

	Governmental Activities		Business - type Activities		Totals	
	For the Year Ended		For the Year Ended		For the Year Ended	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
General obligation warrants	\$ 19,033,128	\$ 20,853,455	\$ 28,881,445	\$ 9,265,783	\$ 47,914,573	\$ 30,119,238
Notes payable	1,331,393	1,486,299	-	-	1,331,393	1,486,299
Other post employment benefit payable	3,777,809	7,091,995	-	-	3,777,809	7,091,995
Net pension liability	3,054,539	5,246,508	470,437	757,632	3,524,976	6,004,140
Compensated absences	852,600	821,400	72,800	83,300	925,400	904,700
Total LT liabilities	\$ 28,049,469	\$ 35,499,657	\$ 29,424,682	\$ 10,106,715	\$ 57,474,151	\$ 45,606,372

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's Mayor, City Clerk, Finance Director, and City Council considered many factors when setting the budget for the fiscal year ending September 30, 2022. Tax rates, anticipated sales tax collections, anticipated expenditures/expenses, prior year actual revenues/expenditures, and the overall economy were some of these factors. The budget is prepared in accordance with the City's budget management policies which are designed to ensure the City maintains a financial base sufficient to sustain a consistent level of municipal services, is able to withstand local and regional economic variations, and adjusts to changes in the service requirements of the community.

One of the City's major sources of income is sales tax revenue. The City has taken a conservative approach in projecting sales tax revenues when setting the budget.

Calera's local economy consists of commercial, retail, and industrial business. Some of Calera's largest businesses are Wal-Mart, Timberline Golf Course, Alabama Power, and various restaurants and retail shops. The City's sales tax revenue has increased in previous years due to recent commercial developments.

These indicators were taken into account when adopting the General Fund budget for fiscal year ending September 30, 2023. Projected revenues in the General Fund budget are \$20,075,270. The City expects the major sources of revenues and expenditures to remain stable in fiscal year 2023.

If these estimates are realized, the City's budgetary fund balance is expected to increase by the close of fiscal year 2023.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk of Calera, 7901 Highway 31, Calera, AL 35040.

City of Calera, Alabama
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-type activities	Total	Water Works Board
Assets				
Current assets				
Cash and cash equivalents	\$ 10,540,597	\$ 4,286,460	\$ 14,827,057	\$ 3,150,655
Certificate of deposit	3,371,142	-	3,371,142	643,644
Accounts receivable, net	4,507,095	965,845	5,472,940	782,664
Lease receivable	1,220,000	-	1,220,000	-
Due from City	-	-	-	2,675
Due from other funds	397	-	397	-
Prepaid expenses	51,832	610,472	662,304	117,260
Inventory	-	354,915	354,915	197,544
Restricted assets:			-	
Cash and cash equivalents	8,130,857	438,315	8,569,172	1,333,010
Certificate of deposit	989,997	-	989,997	-
Accounts receivable	166,584	-	166,584	-
Due from ADEM	-	17,995,703	17,995,703	5,002,095
Nondepreciable capital assets	23,122,900	2,253,160	25,376,060	619,034
Depreciable capital assets, net	35,646,844	19,518,581	55,165,425	17,025,529
	<u>87,748,245</u>	<u>46,423,451</u>	<u>134,171,696</u>	<u>28,874,110</u>
Deferred outflows of resources				
Pension	3,257,161	420,384	3,677,545	-
Other post employment benefits	1,909,739	-	1,909,739	-
Deferred charge on refunding	247,101	378,309	625,410	54,820
Total deferred outflows of resource	<u>5,414,001</u>	<u>798,693</u>	<u>6,212,694</u>	<u>54,820</u>
Liabilities				
Accounts payable	591,885	454,053	1,045,938	134,532
Due from other funds	-	397	397	-
Due to component unit	2,675	-	2,675	-
Unearned revenue	2,397,699	-	2,397,699	-
Accrued expenses	583,520	30,169	613,689	64,054
Payable from restricted assets:				
Accounts payable	6,745	-	6,745	-
Accrued expenses	16,113	-	16,113	-
Deposits	1,669,864	88,261	1,758,125	161,600
Accrued interest payable	50,070	102,718	152,788	47,619
Noncurrent liabilities				
Due within one year	644,930	102,682	747,612	-
Due within one year - payable from restricted assets	1,675,000	365,000	2,040,000	666,847
Due in more than one year	25,729,539	28,957,000	54,686,539	16,216,991
Total liabilities	<u>33,368,040</u>	<u>30,100,280</u>	<u>63,468,320</u>	<u>17,291,643</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Net Position - Continued
September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type activities	Total	Water Works Board
Deferred inflows of resources				
Property taxes levied for subsequent years	\$ 2,946,013	\$ -	\$ 2,946,013	\$ -
Pension	2,733,677	366,556	3,100,233	-
Other post employment benefits	4,736,695	-	4,736,695	-
	10,416,385	366,556	10,782,941	-
Net position				
Net investment in capital assets	40,983,648	11,874,780	52,858,428	5,817,640
Restricted for:				
Capital projects	29,468	-	29,468	-
Debt service	899,779	335,597	1,235,376	1,285,391
Municipal court	332,912	-	332,912	-
Parks and recreation	1,305	-	1,305	-
Police	33,806	-	33,806	-
Street improvements	2,144,414	-	2,144,414	-
Unrestricted	4,952,489	4,544,931	9,497,420	4,534,256
Total net position	\$ 49,377,821	\$ 16,755,308	\$ 66,133,129	\$ 11,637,287

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Activities
For the Year Ended September 30, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Primary Government		Component Unit	
					Governmental Activities	Business-type Activities	Total	Governmental Utility Service Corporation
Primary government								
Governmental activities								
General administration	\$ 2,210,485	\$ 2,442,139	\$ 4,204	\$ 1,342,943	\$ 1,578,801	\$ -	\$ 1,578,801	\$ -
Street	1,312,190	-	184,146	93,072	(1,034,972)	-	(1,034,972)	-
Mechanic	184,105	-	-	-	(184,105)	-	(184,105)	-
Planning and zoning	104,999	41,978	-	-	(63,021)	-	(63,021)	-
Engineering	537,925	-	-	-	(537,925)	-	(537,925)	-
Inspections	270,542	217,122	-	-	(53,420)	-	(53,420)	-
Building maintenance	324,693	-	-	-	(324,693)	-	(324,693)	-
Police	4,596,002	89,515	33,110	119,682	(4,353,695)	-	(4,353,695)	-
Fire and rescue	4,832,170	32,974	250	-	(4,798,946)	-	(4,798,946)	-
Library	469,240	3,994	43,689	-	(421,557)	-	(421,557)	-
Parks and recreation	2,206,776	326,087	575	-	(1,880,114)	-	(1,880,114)	-
Senior center	120,259	-	2,007	-	(118,252)	-	(118,252)	-
Rolling Hills	562,573	496,396	-	-	(66,177)	-	(66,177)	-
Donations	18,080	-	-	-	(18,080)	-	(18,080)	-
Municipal court	239,680	403,175	-	-	163,495	-	163,495	-
Cemetery	-	-	-	-	-	-	-	-
Interest and fees	799,353	-	-	-	(799,353)	-	(799,353)	-
Total primary government	<u>18,789,072</u>	<u>4,053,380</u>	<u>267,981</u>	<u>1,555,697</u>	<u>(12,912,014)</u>	<u>-</u>	<u>(12,912,014)</u>	<u>-</u>
Business-type Activities								
Natural Gas System	2,859,882	3,255,511	-	-	-	395,629	395,629	-
Sewer System	3,848,745	3,540,573	-	46,036	-	(262,136)	(262,136)	-
Other Proprietary Funds	891,461	1,106,542	-	-	-	215,081	215,081	-
Total Business-type Activities	<u>7,600,088</u>	<u>7,902,626</u>	<u>-</u>	<u>46,036</u>	<u>-</u>	<u>348,574</u>	<u>348,574</u>	<u>-</u>
Total Primary Government	<u>\$ 26,389,160</u>	<u>\$ 11,956,006</u>	<u>\$ 267,981</u>	<u>\$ 1,601,733</u>	<u>\$ (12,912,014)</u>	<u>\$ 348,574</u>	<u>\$ (12,563,440)</u>	<u>\$ -</u>
Component unit								
Calera Water Works Board	\$ 3,444,578	\$ 4,161,967	\$ -	\$ 892,872	\$ -	\$ -	\$ -	\$ 1,610,261
General revenues and other items								
Taxes:								
Sales					15,701,607	-	15,701,607	-
Property					2,745,909	-	2,745,909	-
Other					555,319	-	555,319	-
Interest earnings					39,183	4,609	43,792	7,250
Lease income					24,411	-	24,411	-
Other income					64,082	(2,221)	61,861	12,290
Transfers					211,879	(211,879)	-	-
Total general revenues and other items					<u>19,342,390</u>	<u>(209,491)</u>	<u>19,132,899</u>	<u>19,540</u>
Change in net position					6,430,376	139,083	6,569,459	1,629,801
Net position - beginning of year					<u>42,947,445</u>	<u>16,616,225</u>	<u>59,563,670</u>	<u>10,007,486</u>
Net position - end of year					<u>\$ 49,377,821</u>	<u>\$ 16,755,308</u>	<u>\$ 66,133,129</u>	<u>\$ 11,637,287</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Balance Sheet - Governmental Funds
September 30, 2022

	General	American Rescue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 10,540,597	\$ -	\$ -	\$ -	\$ -	\$ 10,540,597
Certificate of deposit	3,371,142	-	-	-	-	3,371,142
Accounts receivable	4,507,095	-	-	-	-	4,507,095
Due from other funds	-	-	-	78,978	-	78,978
Prepaid expenses	51,832	-	-	-	-	51,832
Restricted assets:						-
Cash	1,479,428	2,505,138	2,331,324	870,871	944,096	8,130,857
Certificates of deposit	989,997	-	-	-	-	989,997
Accounts receivable	-	-	30,181	-	136,403	166,584
Total assets	\$ 20,940,091	\$ 2,505,138	\$ 2,361,505	\$ 949,849	\$ 1,080,499	\$ 27,837,082
Liabilities						
Accounts payable	\$ 447,836	\$ -	\$ -	\$ -	\$ -	\$ 447,836
Due to component unit	2,675	-	-	-	-	2,675
Accrued expenses	583,520	-	-	-	-	583,520
Payable from restricted assets						-
Accounts payable	-	144,049	713	-	6,032	150,794
Accrued expenses	-	-	-	-	16,113	16,113
Due to other funds	48,553	-	30,028	-	-	78,581
Unearned revenue	-	2,324,266	-	-	-	2,324,266
Deposits	1,644,519	-	-	-	25,345	1,669,864
Total liabilities	2,727,103	2,468,315	30,741	-	47,490	5,273,649
Deferred inflows of resources						
Property taxes levied for subsequent year	2,946,013	-	-	-	-	2,946,013
Total deferred inflows of resources	2,946,013	-	-	-	-	2,946,013
Fund balance (deficit)						
Restricted for						-
Capital projects	-	-	2,330,764	-	-	2,330,764
Debt service	-	-	-	949,849	-	949,849
Municipal court	-	-	-	-	332,912	332,912
Parks and recreation	1,305	-	-	-	-	1,305
Police	33,806	-	-	-	-	33,806
Street improvements	1,444,317	-	-	-	700,097	2,144,414
Unassigned	13,787,547	36,823	-	-	-	13,824,370
	15,266,975	36,823	2,330,764	949,849	1,033,009	19,617,420
Total liabilities and fund balance	\$ 20,940,091	\$ 2,505,138	\$ 2,361,505	\$ 949,849	\$ 1,080,499	\$ 27,837,082

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2022

Total fund balances - governmental funds \$ 19,617,420

Amounts reported for governmental activities in the statement of net position are different due to the following:

Lease receivable reported in governmental activities is not collectible in the current period and, therefore, is not reported in the governmental funds. Unearned revenue related to future lease income reduces net position reported in governmental activities but is not reported in the governmental funds

Lease receivable	1,220,000	
Less: Unearned revenue related to lease receivable	<u>(73,433)</u>	1,146,567

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	84,348,417	
Less accumulated depreciation	<u>(25,578,673)</u>	58,769,744

Deferred outflows and deferred inflows related to the net pension liability and other post employment benefit payable are not reported in the governmental funds

Deferred outflows related to pension	3,257,161	
Deferred outflows related to OPEB	1,909,739	
Deferred inflows related to pension	(2,733,677)	
Deferred inflows related to OPEB	<u>(4,736,695)</u>	(2,303,472)

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Warrants payable	(18,635,000)	
Discounts (premiums)	(398,128)	
Deferred charges on refunding	247,101	
Notes payable	(1,331,393)	
Net pension liability	(3,054,539)	
Other post employment benefits payable	(3,777,809)	
Compensated absences	<u>(852,600)</u>	(27,802,368)

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.

(50,070)

Total net position - governmental activities \$ 49,377,821

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2022

	General	American Rescue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Sales	\$ 15,701,607	\$ -	\$ -	\$ -	\$ -	\$ 15,701,607
Property	2,745,909	-	-	-	-	2,745,909
Motor vehicle/gas	54,073	-	-	-	178,146	232,219
Other	501,246	-	-	-	-	501,246
Licenses and permits	2,588,584	-	-	-	-	2,588,584
Fines and forfeits	-	-	-	-	402,147	402,147
Charges for services	1,016,936	-	-	-	-	1,016,936
Interest	29,403	5,267	462	3,122	929	39,183
Other	555,083	1,174,375	-	-	1,028	1,730,486
	<u>23,192,841</u>	<u>1,179,642</u>	<u>462</u>	<u>3,122</u>	<u>582,250</u>	<u>24,958,317</u>
Expenditures						
General administration	937,670	892,873	-	-	-	1,830,543
Street	794,557	-	-	-	-	794,557
Mechanic	181,379	-	-	-	-	181,379
Planning and zoning	103,455	-	-	-	-	103,455
Engineering	512,738	-	-	-	-	512,738
Inspections	248,768	-	-	-	-	248,768
Building maintenance	326,832	-	-	-	-	326,832
Police	4,315,139	-	-	-	-	4,315,139
Fire and rescue	4,611,263	-	-	-	-	4,611,263
Library	381,896	-	-	-	-	381,896
Parks and recreation	1,827,432	-	-	-	-	1,827,432
Senior center	96,579	-	-	-	-	96,579
Rolling Hills	439,197	-	-	-	-	439,197
Donations	18,080	-	-	-	-	18,080
Municipal court	-	-	-	-	242,613	242,613
Capital outlay	1,648,140	-	2,265,724	-	10,955	3,924,819
Debt service						
Principal retirement	154,906	-	-	1,755,000	-	1,909,906
Interest and fees	28,309	-	-	764,042	-	792,351
	<u>16,626,340</u>	<u>892,873</u>	<u>2,265,724</u>	<u>2,519,042</u>	<u>253,568</u>	<u>22,557,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,566,501</u>	<u>286,769</u>	<u>(2,265,262)</u>	<u>(2,515,920)</u>	<u>328,682</u>	<u>2,400,770</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	15,571	-	-	-	-	15,571
Proceeds from capital lease	200,000	-	-	-	-	200,000
Transfers (to)/from capital projects fund	(3,306,410)	-	3,306,410	-	-	-
Transfers (to)/from debt service fund	(2,546,082)	-	-	2,546,082	-	-
Transfers (to)/from other government funds	82,833	-	-	-	(82,833)	-
Transfers (to)/from Natural Gas System	337,927	-	-	-	-	337,927
Transfers (to)/from Natural Sewer fund	-	(251,048)	-	-	-	(251,048)
Transfers (to)/from other proprietary funds	125,000	-	-	-	-	125,000
	<u>(5,091,161)</u>	<u>(251,048)</u>	<u>3,306,410</u>	<u>2,546,082</u>	<u>(82,833)</u>	<u>427,450</u>
Net change in fund balance	1,475,340	35,721	1,041,148	30,162	245,849	2,828,220
Fund balance (deficit) - beginning of year	13,791,635	1,102	1,289,616	919,687	787,160	16,789,200
Fund balance (deficit) - end of year	<u>\$ 15,266,975</u>	<u>\$ 36,823</u>	<u>\$ 2,330,764</u>	<u>\$ 949,849</u>	<u>\$ 1,033,009</u>	<u>\$ 19,617,420</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2022

Net changes in fund balances - governmental funds	\$	2,828,220
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	3,924,819	
Less depreciation expense	<u>(2,280,454)</u>	1,644,365
Donations of capital assets do not provide current financial resources and are not recorded in governmental funds. However, donations of capital assets increase net position		
		15,927
The proceeds from the sale of capital assets (\$15,571) are reported as other financing sources in the governmental funds. However, the net book value of the capital assets (\$6,657) is removed from the capital assets account in the Statement of Net Position and offsets against the sales proceeds resulting in a gain in the Statement of Activities of (\$8,914)		
		(6,657)
The proceeds from a capital lease are reported as revenue in the governmental funds. However, the lease is reported as a sale of a capital asset in the Statement of Net Position and unearned revenue related to the transaction is amortized over the life of the lease and reported as lease income in the Statement of Activities		
Proceeds from capital leases	(200,000)	
Lease income	<u>24,411</u>	(175,589)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal retirement	1,909,906	
Deferred amount on refunding amortization	(78,447)	
Premium and discount amortization	<u>65,327</u>	1,896,786
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued compensated absences	(31,200)	
Decrease in pension expense	340,825	
Increase in other post employment benefit payable	(88,419)	
Decrease in accrued interest	<u>6,118</u>	227,324
Change in net position - governmental activities	\$	<u>6,430,376</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Proprietary Fund Net Position
September 30, 2022

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 1,841,378	\$ 2,294,338	\$ 150,744	\$ 4,286,460
Accounts receivable, net	327,432	515,149	123,264	965,845
Inventory	318,604	36,311	-	354,915
Prepaid expenses	-	610,472	-	610,472
Total current assets	2,487,414	3,456,270	274,008	6,217,692
Noncurrent assets				
Restricted cash and cash equivalents	-	438,315	-	438,315
Due from ADEM - restricted	-	17,995,703	-	17,995,703
Nondepreciable assets	96,796	2,156,364	-	2,253,160
Depreciable capital assets, net	3,195,339	15,866,814	456,428	19,518,581
Total noncurrent assets	3,292,135	36,457,196	456,428	40,205,759
Total assets	5,779,549	39,913,466	730,436	46,423,451
Deferred outflows of resources				
Pension	145,333	184,714	90,337	420,384
Deferred charge on refunding	-	378,309	-	378,309
Total deferred outflows of resources	145,333	563,023	90,337	798,693
Liabilities				
Current liabilities				
Accounts payable	162,831	269,194	22,028	454,053
Due (from) to General Fund	(4,123)	7,129	(2,609)	397
Accrued expenses	12,197	12,336	5,636	30,169
Compensated absences, current portion	5,600	25,450	5,350	36,400
Payable from restricted assets				
Customer deposits	88,261	-	-	88,261
Accrued interest	-	102,718	-	102,718
Current portion of long-term debt	-	431,282	-	431,282
Total current liabilities	264,766	848,109	30,405	1,143,280
Noncurrent liabilities				
Compensated absences, net of current portion	5,600	25,450	5,350	36,400
Net pension liability	168,168	199,434	102,835	470,437
Long-term debt, net of current portion	-	28,450,163	-	28,450,163
Total noncurrent liabilities	173,768	28,675,047	108,185	28,957,000
Total liabilities	438,534	29,523,156	138,590	30,100,280
Deferred inflows of resources				
Pension	121,441	167,714	77,401	366,556
Total deferred inflows of resources	121,441	167,714	77,401	366,556
Net position				
Net investment in capital assets	3,292,135	8,126,217	456,428	11,874,780
Unrestricted	2,072,772	2,323,805	148,354	4,544,931
Restricted for debt service	-	335,597	-	335,597
Total net position	\$ 5,364,907	\$ 10,785,619	\$ 604,782	\$ 16,755,308

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Revenues, Expenses, and Changes in Proprietary Fund Net Position
September 30, 2022

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Operating Revenues				
Utility receipts	\$ 3,082,383	\$ 3,195,687	\$ 1,106,542	\$ 7,384,612
Fees	25,125	322,000	-	347,125
Miscellaneous	148,003	22,886	-	170,889
Total operating revenues	<u>3,255,511</u>	<u>3,540,573</u>	<u>1,106,542</u>	<u>7,902,626</u>
Operating Expenses				
Gas purchases	1,668,236	-	-	1,668,236
Personnel services	696,148	987,146	424,167	2,107,461
Supplies expense	56,994	247,619	104,889	409,502
Repairs and maintenance	46,944	166,191	68,803	281,938
Depreciation	199,562	893,830	77,400	1,170,792
Administrative expenses	109,596	771,026	44,529	925,151
Outside expenses	82,402	132,212	171,673	386,287
Total operating expenses	<u>2,859,882</u>	<u>3,198,024</u>	<u>891,461</u>	<u>6,949,367</u>
Operating income	<u>395,629</u>	<u>342,549</u>	<u>215,081</u>	<u>953,259</u>
Non Operating Revenues (Expenses)				
Interest income	1,299	2,900	410	4,609
Loss on disposal of capital assets	-	(2,221)	-	(2,221)
Interest and fiscal charges	-	(649,221)	-	(649,221)
Trustee fees	-	(1,500)	-	(1,500)
Total non operating revenues (expenses)	<u>1,299</u>	<u>(650,042)</u>	<u>410</u>	<u>(648,333)</u>
Income (loss) before capital contributions and interfund operating transfers	396,928	(307,493)	215,491	304,926
Capital contributions	-	46,036	-	46,036
Interfund operating transfers	<u>(337,927)</u>	<u>251,048</u>	<u>(125,000)</u>	<u>(211,879)</u>
Change in net position	59,001	(10,409)	90,491	139,083
Net position - beginning of year	<u>5,305,906</u>	<u>10,796,028</u>	<u>514,291</u>	<u>16,616,225</u>
Net position - end of year	<u>\$ 5,364,907</u>	<u>\$ 10,785,619</u>	<u>\$ 604,782</u>	<u>\$ 16,755,308</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Proprietary Fund Cash Flows
September 30, 2022

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 3,122,897	\$ 3,515,798	\$ 1,099,325	\$ 7,738,020
Cash paid to employees	(718,641)	(1,009,802)	(437,701)	(2,166,144)
Cash paid to suppliers for goods and services	(2,048,819)	(2,115,132)	(396,646)	(4,560,597)
Net cash provided by operating activities	<u>355,437</u>	<u>390,864</u>	<u>264,978</u>	<u>1,011,279</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to)/from other funds	(343,299)	255,077	(128,203)	(216,425)
Net cash (used in) provided by noncapital financing activities	<u>(343,299)</u>	<u>255,077</u>	<u>(128,203)</u>	<u>(216,425)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of property, plant and equipment	(158,284)	(1,192,646)	(262,345)	(1,613,275)
Proceeds from general obligation warrants	-	1,005,577	-	1,005,577
Principal payments on debt	-	(355,000)	-	(355,000)
Interest and fiscal charge payments on debt	-	(251,847)	-	(251,847)
Trustee fees	-	(1,500)	-	(1,500)
Net cash used in capital and related financing activities	<u>(158,284)</u>	<u>(795,416)</u>	<u>(262,345)</u>	<u>(1,216,045)</u>
Cash Flows from Investing Activities				
Interest on cash and investments	1,299	2,900	410	4,609
Net cash provided by investing activities	<u>1,299</u>	<u>2,900</u>	<u>410</u>	<u>4,609</u>
Net decrease in cash and cash equivalents	(144,847)	(146,575)	(125,160)	(416,582)
Cash and cash equivalents - beginning of year	<u>1,986,225</u>	<u>2,879,228</u>	<u>275,904</u>	<u>5,141,357</u>
Cash and cash equivalents - end of year	<u>\$ 1,841,378</u>	<u>\$ 2,732,653</u>	<u>\$ 150,744</u>	<u>\$ 4,724,775</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Statement of Proprietary Fund Cash Flows (continued)
September 30, 2022

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Operating income	\$ 395,629	\$ 342,549	\$ 215,081	\$ 953,259
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	199,562	893,830	77,400	1,170,792
(Increase) decrease in				
Accounts receivable	(136,989)	(24,775)	(7,217)	(168,981)
Inventory	(129,069)	(7,593)	-	(136,662)
Deferred outflows	(12,628)	(14,927)	(6,689)	(34,244)
Increase (decrease) in				
Accounts payable	59,977	(769,584)	2,381	(707,226)
Customer deposits	4,375	-	-	4,375
Compensated absences	(5,200)	(1,500)	(3,800)	(10,500)
Accrued expenses	(15,555)	(20,907)	(9,133)	(45,595)
Deferred inflows	91,429	122,098	59,729	273,256
Net pension liability	(96,094)	(128,327)	(62,774)	(287,195)
Net cash provided by operating activities	<u>\$ 355,437</u>	<u>\$ 390,864</u>	<u>\$ 264,978</u>	<u>\$ 1,011,279</u>

Noncash Investing, Capital, and Financing Activities

Calera Sewer System borrowed \$20,040,000 in the current year to finance future upgrades to the Sewer plant. Capitalized interest and fees totaled \$1,038,720 and were deducted from the amount borrowed before any distributions of funds occurred. Remaining amount to be distributed totaled \$17,995,703 at September 30, 2022.

Calera Sewer System had amortization of warrant premiums of \$69,338, and amortization of deferred charges on refunding of \$42,901.

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

Cash and cash equivalents on the Statement of Cash Flows are composed of the following balances from the Statement of Proprietary Net Position:

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Cash	\$ 1,841,378	\$ 2,294,338	\$ 150,744	\$ 4,286,460
Restricted cash	-	438,315	-	438,315
Cash and cash equivalents	<u>\$ 1,841,378</u>	<u>\$ 2,732,653</u>	<u>\$ 150,744</u>	<u>\$ 4,724,775</u>

The notes to the financial statements are an integral part of this statement.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Calera (the “City”), an Alabama Municipal Corporation, was incorporated in 1893. The governing body is an elected Mayor and a six-member elected City Council.

The financial statements of the City are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City’s reporting entity applies all relevant GASB pronouncements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so, data from these units is combined with the data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The Water Works Board of the City of Calera, Alabama (the Board) – The Board was created by the City to provide water services to the City and surrounding communities. The Board is governed by a five-member group appointed by the Calera City Council. The Board is a discretely presented component unit and is reported in a separate column in the government wide financial statements to emphasize that it is separate from the primary government. Complete financials are available by contacting the Board.

Government-Wide and Fund Financial Statements

The basic financial statements are presented at both the government-wide (based on the City as a whole) and fund financial level. Both levels of statements categorize primary activities as either governmental or business type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The City does not have any business-type activities and all of its activities are classified as governmental.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements Continued

Government-Wide Financial Statements display information about the City as a whole. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services. These aggregate statements consist of the statement of net position and the statement of activities.

The *Statement of Net Position* measurement focus is full accrual basis of accounting and economic resource measurement, and the statement presents information on all of the City's assets, deferred outflows, and liabilities (including long-term assets and receivables as well as long-term debt and obligations), with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items (property, sales and use taxes, certain intergovernmental revenues, etc.) not attributable to a specific program are reported as general revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City does not employ an indirect cost allocation system.

Fund Financial Statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental and proprietary funds in the basic financial statements. Major individual governmental funds are reported in separate columns in the basic financial statements. Nonmajor funds (by category or fund type) are consolidated into a single column of the basic financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements and proprietary fund financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position.

All transactions and events that affect the total economic resources (net position) during the period are reported. Economic resources measurement focus is connected with the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting - Continued

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Current resources measurement is connected with the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined and revenues are considered available when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes and intergovernmental revenues. Expenditures are recognized when the related liability is incurred, with the exception of principal and interest on general obligation long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Basis of Presentation - Fund-Level Financial Statements

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental funds are those through which general government functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The City reports the following major governmental funds:

General Fund - To account for all revenues and expenditures applicable to the general operations of government that are not properly accounted for in another fund. All general operating revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund.

Capital Projects Fund - To account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, specifically the acquisition or construction of capital facilities and other capital assets usually funded by general obligation warrant proceeds (other than those financed by proprietary funds). Transactions funded by general fund revenues are not accounted for in the Capital Projects Fund.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation - Fund-Level Financial Statements - Continued

Debt Service Fund - To account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

American Rescue Fund – To account for and report financial resources that are restricted for grant purposes outlined in the grant agreement.

Additionally, the City reports the following non-major governmental funds:

Special Revenue Funds - To account for the proceeds of specific revenue resources that are legally restricted or designated for expenditures with specified purposes.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net position, financial position, and cash flows. All assets and liabilities are included on the Statement of Net Position.

The City reports the following major proprietary funds:

Natural Gas System - The Natural Gas System is used to account for the provision of gas services to the residents and businesses of the City. Activities of the fund include administration, operations, and maintenance of the gas system, and billing and collection activities.

Sewer System - The Sewer System is used to account for the provision of sewer services to the residents and businesses of the City. Activities of the fund include administration, operations and maintenance of the sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for sewer debt.

Additionally, the City reports the following non-major proprietary fund:

Garbage Fund - The Garbage Fund is used to account for the provision of garbage services primarily to the residents of the City. Activities of the fund include administration and billing and collections of fees related to the garbage services provided.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation - Fund-Level Financial Statements - Continued

The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board prevails.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The City considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The City has never experienced any losses related to these balances.

The City also participates in the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) program. The bank holding the City's deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Restricted Assets

Restricted assets include cash and cash equivalents, certificates of deposit and accounts receivable restricted for repayment of debt service on all debt issued for the City and for future capital projects as well as court, parks and recreation, street improvements and public safety. The use of these assets are limited by legal requirements or restrictions imposed externally by creditors or contributors.

Allowance for Uncollectible Accounts

Proprietary fund accounts receivable are uncollateralized customer obligations due from normal customer transactions and are stated at the amount billed to customers for services rendered. Management reviews all accounts receivable balances and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that may not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts. Balances deemed uncollectible are written off. At September 30, 2022, management has recorded an allowance for doubtful accounts of \$30,684.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of supplies for the Natural Gas System and Sewer System as well as natural gas held in storage for the Natural Gas System. Inventory is recorded at the lower of cost or market, determined by first in, first out method. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of five years. Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are charged to operations as incurred. Improvements that materially extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives: system and facilities, 30 to 40 years; building and improvements, 30 to 40 years; machinery and equipment, 5 to 25 years; and infrastructure, 25 to 50 years.

Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operate over their estimated service lives on the straight-line basis.

Deferred Outflows of Resources

The City's statements of net position report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to future periods. Deferred outflows of resources reported in the financial statements are amounts of pension contributions through the end of the City's fiscal year to be recognized by the pension plan on the accrual basis of accounting in the next measurement period, other deferred charges related to the pension and other post-employment benefit liability as well as deferred amounts arising from the refunding of warrants payable. The deferred refunding amounts are being amortized over the shorter of the life of the refunded or refunding warrants as part of interest expense.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities columns of the statement of net position. These liabilities are also recorded in the proprietary fund statement of net position, as applicable. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrants outstanding method. Warrants payable are reported net of the applicable warrant premium or discount. Issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize warrant premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

Compensated Absences

The City's vacation policy states that eligible employees can earn vacation leave which, if unused, is paid upon termination of employment. Vacation leave is earned at graduated rates based on the employee's length of service. An employee may carry forward a limited amount of vacation leave from one calendar year to the next. Any amount of vacation leave earned by an employee in excess of the limit but not used by the end of the calendar year is forfeited.

The City's compensatory time policy allows employees to accrue compensatory time in lieu of monetary overtime compensation for hours worked in excess of a normal week. Compensatory time is granted at a rate of one- and one-half hours of compensatory time for each hour of overtime worked. An employee may accrue a limited amount of compensatory time. All compensatory time earned is immediately 100% vested.

The City's holiday leave policy permits certain City employees to accrue holiday leave for hours worked on holidays observed by the City. An employee who resigns or retires in good standing shall be paid for all holiday leave accrued.

The City accrues liabilities for vacation leave, compensatory time, and holiday leave in the amount that will be owed to employees upon termination of service.

The accrued amounts of vacation leave, compensatory time, and holiday leave are recorded as noncurrent liabilities, net of current portion in proprietary funds. The accrued amounts of vacation leave, holiday leave, and compensatory time earned by employees whose salaries are charged to the General Fund and Other Governmental Funds are recorded as noncurrent liabilities in the government-wide financial statements.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Pensions

The Employees' Retirement Systems of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. The last year for which actuarial information is available is for the fiscal year ended September 30, 2021, and, therefore, this actuarial information is reported in the 2022 financial statements.

Other Postemployment Benefit Obligations

In accordance with GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the City is required to report the City's actuarially determined net OPEB obligation as a long-term liability in the government-wide financial statements.

Deferred Inflows of Resources

The City's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. Deferred inflows of resources reported in the financial statements are for differences between projected and actual earnings on pension plan investments, difference between projected and actual earnings on the other post-employment benefit plan and property taxes levied for subsequent years.

Net Position

The City reports information regarding its financial position and activities according to three classes of net position in the government-wide financial statements: net investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any warrants, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position is reported as restricted when constraints placed on net position use are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

Unrestricted Net Position is the residual component of net position. It consists of net position that does not meet the definition of restricted or net investment in capital assets.

Fund Equity

The City is required, as applicable, to present fund balances in five categories. The fund balance categories are:

Non-spendable - Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.

Restricted - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed - Includes items committed by the City Council, by resolution of the Council. Commitments may be modified or rescinded by similar resolution.

Assigned - Includes items assigned by specific uses, authorized by the City Council.

Unassigned - This is the residual classification used for those balances not assigned to another category in the general fund. Deficit fund balances are also presented as unassigned.

The City is required to designate the responsible party to make assignments of fund balance, and the City designated the City Council as the responsible party based on the size of City government.

The City's spending policy states in what order fund balance categories are spent. The City Council approved the following fund balance order of spending: (1) restricted fund balance, (2) committed fund balance, (3) assigned fund balance, and lastly (4) unassigned fund balance.

The City Council adopted a minimum fund balance policy for the General Fund. This policy requires the General Fund to maintain a minimum unassigned fund balance of no less than 10% of annual operating expenditures.

Interfund Operating Transfers, Receivables, and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as "Due to/from other funds," as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements except for those amounts outstanding between the general fund and business type activities.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

Interfund Operating Transfers, Receivables, and Payables (continued)

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as "Interfund operating transfers in/(out)" in the accompanying financial statements.

Property Taxes

Property taxes are collected and remitted to the City by the Shelby County government. Taxes are levied annually on October 1 and are due October 1 of the following year. Major tax payments are received October through January and are recognized as revenue in the year received.

Subsequent Events

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

2. Deposits and Investments

Deposits

All of the City's demand deposits, time deposits, and certificates of deposit are insured and collateralized in accordance with the Security for Alabama Funds Enhancement (SAFE) Program, which is encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended, which is a multiple financial institutions collateral pool. The statute provides for assessments against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits covered by this collateral pool are considered to be fully insured.

Debt service funds, capital project funds and bond proceeds held in escrow totaling approximately \$3,100,000 are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

Investments

The City has an investment policy, the objective of which is to minimize credit rate and interest rate risk. The policy addresses risks as follows:

Credit Risk (Custodial Credit Risk and Concentration of Credit Risk)

The City minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities authorized in Alabama Code section 19-3-120; and qualifying the institutions, brokers/dealers, intermediaries and advisors with which the City does business.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

2. Deposits and Investments (continued)

Credit Risk (Custodial Credit Risk and Concentration of Credit Risk) (continued)

The City minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from one type of security or issuer is minimized.

Investment Rate Risk

The City minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio may fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity schedule in accordance with the City's cash requirements.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

State statutes authorize the City to invest in obligations of the U.S. Treasury, certain U.S. corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts.

3. Receivables and Payables

Receivables consisted of the following at September 30, 2022:

	Governmental Activities	Business-type activities	Total	Component Unit
Taxes				
Sales	\$ 1,278,248	\$ -	\$ 1,278,248	\$ -
Property	2,833,624	-	2,833,624	-
Motor vehicle/gas	63,010	-	63,010	-
Customers	-	996,529	996,529	818,898
Other	498,797	-	498,797	-
Gross receivables	4,673,679	996,529	5,670,208	818,898
Less: allowance for uncollectible accounts	-	(30,684)	(30,684)	(36,234)
Net receivables	<u>\$ 4,673,679</u>	<u>\$ 965,845</u>	<u>\$ 5,639,524</u>	<u>\$ 782,664</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

3. Receivables and Payables (continued)

Payables consisted of the following at September 30, 2022:

	Governmental Activities	Business-type Activities	Total	Component Unit
Trade	\$ 559,012	\$ 91,766	\$ 650,778	\$ 59,466
Capital assets	39,618	362,287	401,905	75,066
Net payables	<u>\$ 598,630</u>	<u>\$ 454,053</u>	<u>\$ 1,052,683</u>	<u>\$ 134,532</u>

4. Lease Receivable

The City leases approximately twenty acres of land under a direct financing lease that expires in 2028. The lease agreement contains a bargain purchase option at the end of the lease term. The components of the City's investment in the direct financing lease at September 30, 2022 are as follows:

Minimum lease payments receivable	\$ 1,293,434
Less: amount representing interest income	<u>(73,434)</u>
Net investment in direct financing lease	<u>\$ 1,220,000</u>

Unearned income is amortized to lease income by the interest method using a constant periodic rate over the lease term.

The following is a schedule, by year, of total minimum lease payments to be received under the direct financing lease as of September 30, 2022:

2023	\$ 200,000
2024	200,000
2025	200,000
2026	200,000
2027	200,000
Thereafter	<u>220,000</u>
	<u>\$ 1,220,000</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

5. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables consisted of the following at September 30, 2022:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 48,553
Capital Projects Fund	-	30,028
Debt Service Fund	78,978	-
Other Governmental	-	-
Natural Gas System	-	(4,123)
Sewer System	-	7,129
Other Propriety	-	(2,609)
	<u>\$ 78,978</u>	<u>\$ 78,978</u>

Interfund receivables and payables resulted from capital project invoices and operating expenses liquidated from the general fund's cash accounts and subsequently reimbursed from capital project and business-type cash accounts.

Transfers between funds consisted of the following during the year ended September 30, 2022:

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Debt Service Fund	Sewer System	
General Fund	\$ -	\$ 3,306,410	\$ 2,546,082	\$ -	\$ 5,852,492
American Rescue Funds	-	-	-	251,048	251,048
Other Governmental	82,833	-	-	-	82,833
Natural Gas System	337,927	-	-	-	337,927
Other Proprietary	125,000	-	-	-	125,000
	<u>\$ 545,760</u>	<u>\$ 3,306,410</u>	<u>\$ 2,546,082</u>	<u>\$ 251,048</u>	<u>\$ 6,649,300</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

6. Capital Assets

Capital asset activity for consisted of the following for the year ended September 30, 2022:

Governmental Activities	October 1, 2021	Additions	Disposals	September 30, 2022
Depreciable assets				
Land improvements	\$ 2,956,642	\$ -	\$ -	\$ 2,956,642
Infrastructure	22,553,696	16,500	-	22,570,196
Buildings and improvements	20,155,530	2,766,890	(12,300)	22,910,120
Vehicles	5,201,956	1,145,916	(86,662)	6,261,210
Machinery and equipment	6,223,784	383,922	(80,360)	6,527,346
	<u>57,091,608</u>	<u>4,313,228</u>	<u>(179,322)</u>	<u>61,225,514</u>
Less accumulated depreciation				
Land improvements	525,481	73,915	-	599,396
Infrastructure	8,488,777	588,996	-	9,077,773
Buildings and improvements	6,144,042	667,519	(5,639)	6,805,922
Vehicles	3,786,272	576,274	(86,662)	4,275,884
Machinery and equipment	4,526,305	373,750	(80,360)	4,819,695
	<u>23,470,877</u>	<u>2,280,454</u>	<u>(172,661)</u>	<u>25,578,670</u>
	33,620,731	2,032,774	(6,661)	35,646,844
Non-depreciable assets				
Land	20,040,022	-	-	20,040,022
Construction in progress	3,455,356	2,794,142	(3,166,620)	3,082,878
	<u>23,495,378</u>	<u>2,794,142</u>	<u>(3,166,620)</u>	<u>23,122,900</u>
	<u>\$ 57,116,109</u>	<u>\$ 4,826,916</u>	<u>\$ (3,173,281)</u>	<u>\$ 58,769,744</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

6. Capital Assets (continued)

Business-type activities	October 1, 2021	Additions	Disposals	September 30, 2022
Depreciable assets				
Systems and facilities	\$ 31,980,715	\$ 80,380	\$ -	\$ 32,061,095
Buildings and improvements	529,107	281,252	-	810,359
Vehicles	1,724,571	364,801	(15,927)	2,073,445
Machinery and equipment	1,630,950	413,508	(53,236)	1,991,222
	<u>35,865,343</u>	<u>1,139,941</u>	<u>(69,163)</u>	<u>36,936,121</u>
Less accumulated depreciation				
Systems and facilities	13,504,095	841,819	-	14,345,914
Buildings and improvements	199,862	59,589	-	259,451
Vehicles	1,329,562	142,248	(15,927)	1,455,883
Machinery and equipment	1,260,320	127,136	(31,165)	1,356,291
	<u>16,293,839</u>	<u>1,170,792</u>	<u>(47,092)</u>	<u>17,417,539</u>
	<u>19,571,504</u>	<u>(30,851)</u>	<u>(22,071)</u>	<u>19,518,582</u>
Non-depreciable assets				
Land	441,853	-	-	441,853
Construction in progress	1,272,086	810,972	(271,752)	1,811,306
	<u>1,713,939</u>	<u>810,972</u>	<u>(271,752)</u>	<u>2,253,159</u>
	<u>\$ 21,285,443</u>	<u>\$ 780,121</u>	<u>\$ (293,823)</u>	<u>\$ 21,771,741</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Activities	Business-type Activities
General administration	\$ 335,303	\$ -
Street	527,749	-
Mechanic	5,838	-
Planning and zoning	3,993	-
Engineering	36,392	-
Inspections	24,720	-
Building maintenance	6,094	-
Police	372,043	-
Fire and rescue	335,818	-
Library	83,580	-
Parks and recreation	400,956	-
Senior center	22,312	-
Rolling Hills	125,656	-
Natural gas system	-	199,562
Sewer system	-	893,830
Other proprietary funds	-	77,400
	<u>\$ 2,280,454</u>	<u>\$ 1,170,792</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

6. Capital Assets (continued)

Component Unit	October 1, 2021	Additions	Disposals	September 30, 2022
Depreciable assets				
Systems and facilities	\$ 25,517,433	\$ 471,198	\$ -	\$ 25,988,631
Buildings and improvements	107,243	42,198	-	149,441
Vehicles	345,569	340,380	(25,457)	660,492
Machinery and equipment	1,627,763	84,118	(802,956)	908,925
	<u>27,598,008</u>	<u>937,894</u>	<u>(828,413)</u>	<u>27,707,489</u>
Less accumulated depreciation				
Systems and facilities	9,067,158	665,929	-	9,733,087
Buildings and improvements	40,522	11,433	-	51,955
Vehicles	290,491	27,482	(18,244)	299,729
Machinery and equipment	1,315,973	84,173	(802,956)	597,190
	<u>10,714,144</u>	<u>789,017</u>	<u>(821,200)</u>	<u>10,681,961</u>
	16,883,864	148,877	(7,213)	17,025,528
Non-depreciable assets				
Land and improvements	11,485	-	-	11,485
Construction in progress	140,886	1,404,558	(937,894)	607,550
	<u>152,371</u>	<u>1,404,558</u>	<u>(937,894)</u>	<u>619,035</u>
	<u>\$ 17,036,235</u>	<u>\$ 1,553,435</u>	<u>\$ (945,107)</u>	<u>\$ 17,644,563</u>

Depreciation expense charged to the component unit for the year ended September 30, 2022 was \$789,017.

7. Long-term Debt

Primary government general obligation warrants payable consisted of the following at September 30, 2022:

Primary Government	Governmental Activities	Business-type Activities
Series 2008Q2 772 General Obligation Warrants, dated March 2008, due in semi-annual installments through May 2033, bearing interest rates averaging 3.68%	\$ 910,000	\$ -
Series 2008 Q2 REG General Obligation Warrants, dated March 2008, due in semi-annual installments through May 2033, bearing interest rates averaging 3.81%	1,210,000	-
Series 2009 Q2 772CA General Obligation Warrants, dated August 2009, due in semi-annual installments through May 2038, bearing interest rates averaging 3.51%	6,295,000	-

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

7. Long-term Debt (continued)

	Governmental Activities	Business-type Activities
Series 2012-A General Obligation Warrants, dated October 2012, due in semi-annual installments through December 2024, bearing interest rates of 1.15 to 3.00%	1,380,000	-
Series 2019-A General Obligation Warrants, dated November 2019, due in semi-annual installments through February 2034, bearing interest rates of 2.00 to 5.00%	6,285,000	-
Series 2019-B Taxable General Obligation Warrants, dated November 2019, due in semi-annual installments through September 2028, bearing interest rates of 2.00 to 3.00%	2,555,000	-
Series 2020 General Obligation Warrants, dated May 2020, due in semi-annual installments through November 2038, bearing interest rates of 2.00 to 4.00%	-	8,230,000
Series 2021-CWSRF-DL General Obligation Warrants, dated September 2021, due in semi-annual installments through August 2043, bearing an interest rate of 2.20%	-	20,040,000
	18,635,000	28,270,000
Plus (less) deferred amounts for:		
Unamortized premiums (2012-A)	1,321	-
Unamortized premiums (2019-A)	402,207	-
Unamortized discounts (2019-B)	(5,400)	-
Unamortized premiums (2020)	-	611,445
	\$ 19,033,128	\$ 28,881,445

Notes payable consisted of the following at September 30, 2022:

Primary Government	Governmental Activities
2.00% note payable - private entity dated August 2016, due in monthly payments of \$11,261, including interest, maturing August 2031	\$ 1,102,799
2.00% note payable - individual dated October 2014, due in monthly payments of \$4,007, including interest, maturing February 2026	228,594
	\$ 1,331,393

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

7. Long-term Debt (continued)

Changes in long-term liabilities consisted of the following at September 30, 2022:

Governmental Activities	October 1, 2021	Additions	Retirements	September 30, 2022	Due within one year
Warrants and notes payable:					
General Obligation Warrants	\$ 20,390,000	\$ -	\$ (1,755,000)	\$ 18,635,000	\$ 1,675,000
Unamortized premiums/ (discounts)	463,455	-	(65,327)	398,128	60,597
	<u>20,853,455</u>	<u>-</u>	<u>(1,820,327)</u>	<u>19,033,128</u>	<u>1,735,597</u>
Notes payable	1,486,299	-	(154,906)	1,331,393	158,033
Total warrants and notes payable	<u>22,339,754</u>	<u>-</u>	<u>(1,975,233)</u>	<u>20,364,521</u>	<u>1,893,630</u>
Other liabilities:					
Pension	5,246,508	4,211,165	(6,403,134)	3,054,539	-
Other post employment benefits	7,091,995	511,647	(3,825,833)	3,777,809	-
Compensated absences	821,400	852,600	(821,400)	852,600	426,300
	<u>\$ 35,499,657</u>	<u>\$ 5,575,412</u>	<u>\$(13,025,600)</u>	<u>\$ 28,049,469</u>	<u>\$ 2,319,930</u>
Business-type Activities	October 1, 2021	Additions	Retirements	September 30, 2022	Due within one year
Warrants payable:					
General Obligation Warrants	\$ 8,585,000	\$ 20,040,000	\$ (355,000)	\$ 28,270,000	\$ 365,000
Unamortized premiums/ (discounts)	680,783	-	(69,338)	611,445	66,282
Total warrants payable	<u>9,265,783</u>	<u>20,040,000</u>	<u>(424,338)</u>	<u>28,881,445</u>	<u>431,282</u>
Other liabilities:					
Pension	757,632	648,572	(935,767)	470,437	-
Compensated absences	83,300	72,800	(83,300)	72,800	36,400
	<u>\$ 10,106,715</u>	<u>\$ 20,761,372</u>	<u>\$ (1,443,405)</u>	<u>\$ 29,424,682</u>	<u>\$ 467,682</u>

For governmental activities, general obligation warrants are liquidated by the debt service fund, while limited obligation warrants, pension liabilities, other post-employment benefits payable and compensated absences are liquidated by the general fund.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

7. Long-term Debt (continued)

Future principal and interest requirements of the general obligation warrants and notes payable consist of the following at September 30:

	Governmental Activities		Governmental Activities		Business-type Activities	
	General Obligation Warrants		Notes payable		General Obligation Warrants	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,680,000	\$ 601,534	\$ 158,033	\$ 25,184	\$ 365,000	\$ 659,296
2024	1,735,000	547,884	161,223	21,995	1,190,000	670,753
2025	1,795,000	491,152	164,477	18,741	1,210,000	641,458
2026	1,385,000	436,605	167,797	15,421	1,245,000	609,533
2027	1,445,000	384,629	171,185	12,033	1,280,000	574,643
2028-2032	6,175,000	1,199,384	508,678	20,607	6,955,000	2,313,288
2033-2037	3,870,000	371,087	-	-	7,890,000	1,386,809
2038-2042	550,000	14,567	-	-	6,910,000	543,593
2043	-	-	-	-	1,225,000	26,950
	\$ 18,635,000	\$ 4,046,842	\$ 1,331,393	\$ 113,981	\$ 28,270,000	\$ 7,426,323

On November 21, 2019, the City issued Series 2019-A General Obligation Warrants in the amount of \$7,145,000, maturing in 2034, for the purpose of refunding the Series 2014 General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$74,556. This amount is being amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The carrying value at September 30, 2022 was \$50,346.

On November 21, 2019, the City issued Series 2019-B Federally Taxable General Obligation Warrants in the amount of \$3,435,000, maturing in 2038, for the purpose of refunding the Series 2014-B Taxable General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$387,092. This amount is being amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The carrying value at September 30, 2022 was \$191,638.

On May 27, 2021, the City issued Series 2021 General Obligation Warrants in the amount of \$8,735,000, maturing in 2038, for the purpose of refunding the Series 2013-A, 2013-B, and 2013-C General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$480,988. This amount is being amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The carrying value at September 30, 2022 was \$378,309.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

7. Long-term Debt (continued)

Component unit water revenue bonds consisted of the following at September 30, 2022:

Series 2016-A Water Revenue Bonds, dated February 2016, due in semi-annual installments through February 2038, bearing interest rates of 3.00 to 4.00%	\$ 1,795,000
Series 2016-B Water Revenue Bonds, dated February 2016, due in semi-annual installments through February 2023, bearing interest rates of 2.00 to 3.10%	215,000
Series 2021 Water Revenue Bonds, dated February 2021, due in semi-annual installments through February 2036, bearing interest rates of 2.00 to 3.00%	8,965,000
Series 2020 DWSRF-DL Revenue Bonds, dated February 2021, due in semi-annual installments through February 2036, bearing an interest rate of 2.00% to 3.00%	5,330,000
	16,305,000
Plus (less) deferred amounts for:	
Unamortized premiums(2016-A)	72,080
Unamortized premiums (2016-B)	23
Unamortized premiums (2021)	506,735
	\$ 16,883,838

Changes in component unit long-term liabilities consisted of the following at September 30, 2022:

Business-type Activities	October 1, 2021	Additions	Retirements	September 30, 2022	Due within one year
Revenue bonds payable:					
Water revenue bonds	\$ 16,885,000	\$ -	\$ (580,000)	\$ 16,305,000	\$ 600,000
Unamortized premiums/ (discounts)	647,473	-	(68,635)	578,838	68,634
Total warrants payable	\$ 17,532,473	\$ -	\$ (648,635)	\$ 16,883,838	\$ 668,634

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

7. Long-term Debt (continued)

Future principal and interest requirements of the water revenue bonds consist of the following at September 30:

	Principal	Interest
2023	\$ 600,000	\$ 396,193
2024	805,000	374,948
2025	820,000	357,580
2026	850,000	334,365
2027	855,000	310,665
2027-2031	4,600,000	1,232,375
2032-2036	5,105,000	721,620
2037-2041	2,345,000	154,340
2042-2043	325,000	7,150
	\$ 16,305,000	\$ 3,889,236

8. Pension Plan

General Information about the Pension Plan

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of the ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 197, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan - Continued

The ERS Board of Control consists of 13 trustees as follows:

1. The Governor, ex officio.
2. The State Treasurer, ex officio.
3. The State Personnel Director, ex officio.
4. The State Director of Finance, ex officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan (continued)

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active members	56,184
Post-DROP participants who are still in active service	54
	104,510

The City's membership as of the measurement date of September 30, 2021 consisted of:

Retirees and beneficiaries currently receiving benefits	42
Vested inactive members	10
Non-vested inactive members	27
Active members	185
	264

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan – Continued

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2022, the City's active employee contribution rate was 6.46% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 7.17% of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2022, was 8.21% of pensionable pay for Tier 1 employees, and 6.48% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$756,643 for the year ended September 30, 2022.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan - Continued

Net Pension Liability

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual After 2020 Exp Study</u>
(a) Total Pension Liability as of September 30, 2020	\$ 32,485,667	\$ 32,365,924	\$ 32,365,924	\$ 33,813,697
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 - September 30, 2021	943,708	943,708	943,708	1,053,609
(d) Transfers Among Employers	-	134,515	134,515	134,515
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 - September 30, 2021	<u>(1,101,273)</u>	<u>(1,101,273)</u>	<u>(1,101,273)</u>	<u>(1,101,273)</u>
(f) Total Pension Liability as of September 30, 2021 [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$ 34,787,099</u>	<u>\$ 34,792,651</u>	<u>\$ 34,792,651</u>	<u>\$ 36,378,646</u>
 (g) Difference between Expected and Actual		\$ 5,552		
(h) Less Liability Transferred for Immediate Recognition		<u>134,515</u>		
(i) Difference between Expected and Actual - Experience (Gain)/Loss		<u>\$ (128,963)</u>		
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/ Loss			<u>\$ -</u>	
(k) Difference between Actual TPL Before and After After 2020 Experience Study - Assumption Change (Gain)/Loss				<u>\$ 1,585,995</u>

Actuarial Assumptions

The total pension liability as of September 30, 2021 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected Salary Increases	3.25 - 6.00%
Investment Rate of Return *	7.70%

*Net of pension plan investment expense

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan - Continued

Mortality rates were based on the Pub 2010 Below Median Tables, projected generationally using the MP 2020 scale, which is adjusted by 66 2/3% beginning with year 2019:

Group	Membership Totals	Set Forward (+)/ Setback (-)	Adjustment to Rates
			Male: 90% ages < 65; 96% ages >= 65; Females: 96% all ages
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female +2	
FLC/State police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female None	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female None	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an actuarial experience study for the period of October 1, 2015 - September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash	5.00%	1.50%
	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.50%.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan - Continued

Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the City's net pension liability consisted of the following at September 30, 2021:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2020	\$ 32,485,673	\$ 26,481,533	\$ 6,004,140
Changes for the year:			
Service cost	943,708	-	943,708
Interest	2,458,997	-	2,458,997
Changes of assumptions	1,585,995	-	1,585,995
Differences between expected and actual experience	(128,963)	-	(128,963)
Contributions - employer	-	697,747	(697,747)
Contributions - employee	-	711,398	(711,398)
Net investment income	-	5,929,756	(5,929,756)
Benefits of payments, including refunds of employee contributions	(1,101,273)	(1,101,273)	-
Transfers among employers	134,515	134,515	-
Net changes:	3,892,979	6,372,143	(2,479,164)
Balances at September 30, 2021	<u>\$ 36,378,652</u>	<u>\$ 32,853,676</u>	<u>\$ 3,524,976</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan - Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's net pension liability calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability (Asset)	\$ 8,718,575	\$ 3,524,970	\$ (770,819)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of \$363,732. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,004,572	\$ 726,785
Changes of assumptions	1,860,579	-
Net difference between projected and actual earnings on pension plan investments	-	2,373,448
Employer contributions subsequent to the measurement date	812,394	-
	\$ 3,677,545	\$ 3,100,233

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

8. Pension Plan - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

	Deferred Outflows (Inflows) of Resources
2023	\$ (78,645)
2024	(12,830)
2025	(294,124)
2026	(522,589)
2027	256,669
Thereafter	416,439

9. Other Post-Employment Benefits

On October 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multi-Employer Plans*. Specifically, Statement No. 75 recognizes the long-term obligation for health insurance benefits offered to retirees.

General Information about the OPEB Plan

Plan description – The City of Calera (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Calera’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive self-insured medical benefit plan. Medical benefits are provided to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: age 55 and 25 years of service; or, age 60 and 10 years of service. For employees hired on or after January 1, 2013, the retirement eligibility is age 62 and 10 years of service.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

9. Other Post-Employment Benefits (continued)

Employees covered by benefit terms – At September 30, 2022, the following employees were covered by the benefit terms:

Active participants	185
Vested former participants	0
Retired participants	16
	201
	201

Total OPEB Liability

The City’s total OPEB liability of \$3,777,809 was measured as of September 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.25 to 6.00%, including inflation
Prior discount rate	2.26%
Discount rate	4.77%
Healthcare cost trend rates	6.50%

The discount rate was based on the Bond Buyers’ 20-year general obligation municipal bond index as of September 30, 2022, the end of the applicable measurement period.

Mortality rates were based on the PubG-2010 headcount-weighted mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2021.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

9. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Balance at September 30, 2021	\$ 7,091,995
Changes for the year:	
Service cost	345,779
Interest	165,868
Changes of benefit terms	-
Differences between expected and actual experience	(1,660,509)
Changes in assumptions	(1,983,518)
Benefit payments and net transfers	<u>(181,806)</u>
Net changes	<u>(3,314,186)</u>
Balance at September 30, 2022	<u>\$ 3,777,809</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current discount rate:

	1% Decrease (5.77%)	Current Discount Rate (4.77%)	1% Increase (3.77%)
Net OPEB Liability (Asset)	<u>\$ 3,299,172</u>	<u>\$ 3,777,809</u>	<u>\$ 4,356,912</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend	1% Increase
Net OPEB Liability (Asset)	<u>\$ 3,883,326</u>	<u>\$ 3,777,809</u>	<u>\$ 3,623,401</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

9. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$270,225. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 864,998	\$ 1,954,177
Changes of assumptions	1,044,741	2,782,518
	\$ 1,909,739	\$ 4,736,695

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources
2023	\$ (241,422)
2024	(241,422)
2025	(241,422)
2026	(241,422)
2027	(241,422)
Thereafter	(1,619,846)

10. Related Party Transactions

Significant transactions between the primary government and the Water Works Board of the City of Calera (the Board), a component unit, are as follows:

The City of Calera provides employees to the Board, and the Board is responsible for reimbursing the City for the actual expenses incurred for those employees. The Board accrues liabilities for vacation leave, compensatory time, and holiday leave in the amount that will be owed to the City when the accrued benefits are paid to the employees by the City, at which time the Board must reimburse the City for the expenses.

The Board leases space at City Hall and the City Shop Building from the City of Calera. Rent charged during the year ended September 30, 2022, was \$17,000.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

11. Commitments

The City is the lessee in several operating leases, and with the exception of the non-cancelable operating leases described below, these leases have cancellation provisions and are subject to annual appropriations. For the year ended September 30, 2022, lease expenditures for all types of operating leases were \$87,369.

At September 30, 2022, future minimum lease payments due under operating lease agreements for the next two years ending September 30, consists of the following:

2023	\$ 71,764
2024	<u>70,158</u>
	<u><u>\$ 141,922</u></u>

12. Contingencies

The City is involved in various claims and lawsuits, both for and against the City, arising in the normal course of business. While the City's management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on the City's financial statements, litigation is subject to inherent uncertainties. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on the change in net position for the period in which the ruling occurs.

The City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed or not incurred in a timely manner under the terms of the grant. City management believes such disallowances, if any, would be immaterial.

13. Tax Abatements

The City is authorized by Section 94.01 of the Official Recompilation of the Constitution of the Alabama 1901 and Section 11-47-2 of the Code of Alabama (1975) to enter into tax abatement agreements for the purpose of attracting or retaining businesses. The City has entered into Commercial Economic Development Agreements to recruit new business enterprises and to promote expansion of existing businesses within the City. For the ended September 30, 2022, the City abated sales taxes of approximately \$550,000 under this program in accordance with the following agreements:

- The City agreed to acquire property and enter into a direct financing lease for approximately twenty acres of property so that the tenant may develop a retail shopping center. Additionally, the City agreed to provide a credit against the base rent payable to the City (as the landlord) equal to fixed percentages of the total sales and ad valorem taxes resulting from the property for a period of twenty years, plus any extension term.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2022

13. Tax Abatements (continued)

- To City issued a grant to encourage a new retail development covering approximately 12.5 acres to locate within the City. The City agreed to provide grant payments equal to fixed percentages of the total sales tax resulting from the development for a period of ten years. In the event the development is not able to generate a gross annual sales equal to \$10,000,000, the Company is not entitled to receive any grant payments.

The City is subject to tax abatements granted by the Industrial Development Board and the State of Alabama. Information relevant to these abatements for the year ended September 30, 2022 is as follows:

Granting Agency	Tax Abatement Program	Property Tax Abated for the fiscal year
Industrial Development Board of the City of Calera	Qualifying Industrial or Research Enterprise	\$ 89,570

Additionally, various companies receiving grants from the Industrial Development Board received an abatement of construction related (sales and use tax) transaction taxes during the period of construction. The amount of construction related transaction taxes abated within the City's sales tax jurisdiction has not been determined.

14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, workers' compensation; and natural disaster for which the City carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

City of Calera, Alabama
 Budgetary Comparison Schedule - General Fund
 September 30, 2022

	General Fund			Variance w/ Final Budgeted Basis
	Budgeted - Original	Budgeted Final	Actual	
Revenues				
Taxes				
Sales	\$ 13,573,721	\$ 15,566,565	\$ 15,701,607	\$ 135,042
Property	2,458,039	2,756,540	2,745,909	(10,631)
Motor vehicle/gas	50,306	53,888	54,073	185
Other	404,120	489,319	501,246	11,927
Licenses and permits	2,146,635	2,591,692	2,588,584	(3,108)
Charges for services	885,787	1,006,389	1,016,936	10,547
Interest	32,701	30,478	29,403	(1,075)
Other	272,390	443,989	555,083	111,094
	<u>19,823,699</u>	<u>22,938,860</u>	<u>23,192,841</u>	<u>253,981</u>
Expenditures				
General administration	1,221,853	1,098,185	937,670	(160,515)
Street	1,129,936	1,101,856	794,557	(307,299)
Mechanic	180,652	197,827	181,379	(16,448)
Planning and zoning	162,032	150,927	103,455	(47,472)
Engineering	521,213	539,411	512,738	(26,673)
Inspections	246,805	263,049	248,768	(14,281)
Building maintenance	397,449	364,070	326,832	(37,238)
Police	4,529,957	4,587,105	4,315,139	(271,966)
Fire and rescue	4,735,159	4,756,646	4,611,263	(145,383)
Library	393,583	417,247	381,896	(35,351)
Parks and recreation	1,744,275	1,868,831	1,827,432	(41,399)
Senior center	133,407	131,737	96,579	(35,158)
Rolling Hills	475,369	448,783	439,197	(9,586)
Donations	14,500	18,080	18,080	-
Debt service				
Principal	154,906	154,906	154,906	-
Interest and fiscal charges	28,311	28,311	28,309	(2)
Capital outlay	1,538,268	1,660,892	1,648,140	(12,752)
Total expenditures	<u>17,607,675</u>	<u>17,787,863</u>	<u>16,626,340</u>	<u>(1,161,523)</u>
Excess revenue over expenditures	<u>2,216,024</u>	<u>5,150,997</u>	<u>6,566,501</u>	<u>1,415,504</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	20,647	15,571	(5,076)
Proceeds from capital lease	200,000	200,000	200,000	-
Transfers (to)/from capital projects fund	(740,000)	(3,306,410)	(3,306,410)	-
Transfers (to)/from debt service fund	(2,528,060)	(2,546,082)	(2,546,082)	-
Transfers (to)/from other government funds	80,808	82,833	82,833	-
Transfers (to)/from Natural Gas System	337,927	337,927	337,927	-
Transfers (to)/from other proprietary funds	125,000	125,000	125,000	-
	<u>(2,524,325)</u>	<u>(5,086,085)</u>	<u>(5,091,161)</u>	<u>(5,076)</u>
Net change in fund balance	<u>\$ (308,301)</u>	<u>\$ 64,912</u>	<u>\$ 1,475,340</u>	<u>\$ 1,410,428</u>

See notes to required supplementary information.

City of Calera, Alabama
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Last Eight Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 943,708	\$ 841,676	\$ 819,946	\$ 783,019	\$ 780,738	\$ 748,053	\$ 712,903	\$ 645,451
Interest	2,458,997	2,187,683	2,078,753	1,966,117	1,846,364	1,644,263	1,491,278	1,372,619
Changes of benefit terms	-	499,979	-	-	-	-	-	-
Differences between expected and actual experience	(128,963)	1,055,060	(348,091)	(458,367)	(310,991)	436,949	306,244	-
Changes of assumptions	1,585,995	-	-	179,175	-	1,093,048	-	-
Benefit payments, including refunds of employee contributions	(1,101,273)	(860,005)	(882,825)	(832,124)	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	134,515	(80,202)	(264,515)	15,076	20,245	51,171	-	-
Net change in total pension liability	3,892,979	3,644,191	1,403,268	1,652,896	1,586,171	3,318,235	1,969,445	1,489,382
Total pension liability - beginning	32,485,667	28,841,476	27,438,208	25,785,312	24,199,141	20,880,906	18,911,461	17,422,079
Total pension liability - ending (a)	\$ 36,378,646	\$ 32,485,667	\$ 28,841,476	\$ 27,438,208	\$ 25,785,312	\$ 24,199,141	\$ 20,880,906	\$ 18,911,461
Plan fiduciary net position								
Contributions - employer	\$ 697,747	\$ 642,084	\$ 661,816	\$ 593,639	\$ 595,556	\$ 620,380	\$ 596,414	\$ 595,063
Contributions - member	711,398	600,384	581,152	520,627	540,287	496,727	471,981	466,495
Net investment income	5,929,756	1,423,259	618,575	2,023,940	2,442,416	1,720,629	192,194	1,672,131
Benefit payments, including refunds of employee contributions	(1,101,273)	(860,005)	(882,825)	(832,124)	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	134,515	(80,202)	(264,515)	15,076	20,245	51,171	(34,701)	148,812
Net change in plan fiduciary net position	6,372,143	1,725,520	714,203	2,321,158	2,848,319	2,233,658	684,908	2,353,813
Plan net position - beginning	26,481,527	24,756,007	24,041,804	21,720,646	18,872,327	16,638,669	15,953,761	13,599,948
Plan net position - ending (b)	\$ 32,853,670	\$ 26,481,527	\$ 24,756,007	\$ 24,041,804	\$ 21,720,646	\$ 18,872,327	\$ 16,638,669	\$ 15,953,761
Net pension liability (a) - (b)	\$ 3,524,976	\$ 6,004,140	\$ 4,085,469	\$ 3,396,404	\$ 4,064,666	\$ 5,326,814	\$ 4,242,237	\$ 2,957,700
Plan fiduciary net position as a percentage of the total pension liability	90.31%	81.52%	85.83%	87.62%	84.24%	77.99%	79.68%	84.36%
Covered-employee payroll	\$ 10,438,021	\$ 10,125,516	\$ 9,649,361	\$ 9,149,822	\$ 9,048,700	\$ 8,649,068	\$ 8,159,280	\$ 7,322,224
Net pension liability as a percentage of covered-employee payroll	33.77%	59.30%	42.34%	37.12%	44.92%	61.59%	51.99%	40.39%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Calera will only present information for which information is available.

See notes to required supplementary information.

City of Calera, Alabama
 Schedule of Employer Contributions - Pension
 For the Last Eight Years Ended September 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 756,643	\$ 697,747	\$ 679,550	\$ 680,278	\$ 612,973	\$ 624,222	\$ 647,448	\$ 625,925
Contributions in relation to the actuarially determined contributions	756,643	697,747	679,550	680,278	612,973	624,222	647,448	625,925
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,556,578	\$ 10,438,021	\$ 10,125,516	\$ 9,649,361	\$ 9,149,822	\$ 9,048,700	\$ 8,649,068	\$ 8,159,280
Contributions as a percentage of covered-employee payroll	7.17%	6.68%	6.71%	7.05%	6.70%	6.90%	7.49%	7.67%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Calera will only present information for which information is available.

See notes to required supplementary information.

City of Calera, Alabama
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Last Five Years Ended September 30,

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost	\$ 345,779	\$ 336,270	\$ 184,205	\$ 141,581	\$ 145,223
Interest	165,868	156,142	195,607	245,552	227,841
Changed in benefit terms	-	-	130,100	-	-
Differences between expected and actual experience	(1,660,509)	-	(535,960)	440,891	730,862
Changes in assumptions	(1,983,518)	(53,585)	(778,244)	1,366,201	(410,800)
Benefit payments	(181,806)	(165,443)	(180,005)	(194,986)	(194,986)
Net change in total OPEB liability	(3,314,186)	273,384	(984,297)	1,999,239	498,140
Total OPEB liability - beginning of year	7,091,995	6,818,611	7,802,908	5,803,669	5,305,529
Total OPEB liability - end of year	<u>\$ 3,777,809</u>	<u>\$ 7,091,995</u>	<u>\$ 6,818,611</u>	<u>\$ 7,802,908</u>	<u>\$ 5,803,669</u>
Covered-employee payroll	<u>\$ 10,556,578</u>	<u>\$ 10,438,021</u>	<u>\$ 10,125,516</u>	<u>\$ 9,649,361</u>	<u>\$ 9,149,822</u>
Net OPEB liability as a percentage of covered payroll	<u>35.79%</u>	<u>67.94%</u>	<u>67.34%</u>	<u>80.86%</u>	<u>63.43%</u>

Notes to Schedule:

Benefit changes	None	None	None	None	None
Changes of assumptions	New ERS Assumption	None	None	None	None
Discount rate	4.70%	2.26%	2.21%	2.66%	4.18%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Calera will only present information for which information is available.

See notes to required supplementary information.

City of Calera, Alabama
Notes to Required Supplementary Information
December 31, 2022

1. Summary of Significant Budgetary Practices

The City Council adopts a budget for the general fund at the beginning of each fiscal year in accordance with Alabama law. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Budgets are prepared and adopted in conformity with accounting principles generally accepted in the United States of America. Reported budget amounts are as originally adopted or as amended by the Council by resolution. Actual amounts are reported in accordance with accounting principles generally accepted in the United States of America. Adjustments to reconcile budget information to accounting principles generally accepted in the United States of America information can be found on the Budgetary Comparison Schedule - General Fund.

Revenues are budgeted by source. Expenditures are budgeted by department and class as listed in the Budgetary Comparison Schedule – General Fund. This constitutes the legal level of control. Expenditures may exceed budgetary appropriations only with prior Council approval.

Excess of Expenditures Over Appropriations in Individual Funds

The budget to actual comparison for the General Fund on page 60 reflects all departments are spending within budgeted limits. The City amends its budget each month as necessary.

2. Summary of Significant Pension Plan Practices

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	15.6
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70% of net pension plan investment expense, including inflation

FEDERAL AWARD PROGRAMS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council
The City of Calera, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of The City of Calera, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise The City of Calera's basic financial statements, and have issued our report thereon dated March 23, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The City of Calera's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Calera's internal control. Accordingly, we do not express an opinion on the effectiveness of The City of Calera's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Calera's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fruitt Tingle Paramore & Argent, LLC

Birmingham, Alabama

March 23, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and
Members of the City Council
The City of Calera, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City 's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Award Program

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Internal Control over Financial Reporting

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fruitt Tingle Paramore & Argent, LLC

Birmingham, Alabama

March 23, 2023

City of Calera, Alabama
Schedule of Expenditures of Federal Awards
September 30, 2022

<u>Federal Grantor/Pass-Through Agency/Program Title</u>	Federal CFDA Number	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation			
State and Community Highway Safety	20.600	\$ -	\$ 93,072
U.S. Department of the Treasury			
Pass-through the Alabama Department of Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027	892,872	1,174,375
U.S. Environmental Protection Agency			
Pass-through the State of Alabama			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	-	234,586
Capitalization Grants for Clean Water State Revolving Fund	66.458	-	1,508,799
Total U.S. Environmental Protection Agency		<u>-</u>	<u>1,743,385</u>
Total Expenditures of Federal Awards		<u>\$ 892,872</u>	<u>\$ 3,010,832</u>

See notes to schedule of expenditures of federal awards and independent auditors' report.

City of Calera, Alabama
Notes to Schedule of Expenditures of Federal Awards
September 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Calera, Alabama under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. Basis of Presentation

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The City of Calera has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

City of Calera, Alabama
Schedule of Findings and Questioned Costs
September 30, 2022

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Calera, Alabama were prepared in accordance with GAAP.
2. There were no material weaknesses in internal control over financial reporting identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Calera, Alabama which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City of Calera, Alabama expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs are the Coronavirus State and Local Fiscal Recovery Funds (CFDA 21.027) and the Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458).
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The City of Calera, Alabama did not qualify as a low-risk auditee.

Financial Statement Findings

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Findings and Questioned Costs – Major Federal Award Programs Audit

There are no current findings or questioned costs that are considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

There were no prior year findings or questioned costs that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

SUPPLEMENTARY INFORMATION

City of Calera, Alabama
Selected Revenue Data (Unaudited)
For the year ended September 30, 2022

Sales tax revenues	<u>\$ 15,701,607</u>	
Ad valorem tax revenues	<u>\$ 2,745,909</u>	
Licenses and permit revenues	<u>\$ 2,588,584</u>	
The Natural Gas System		
Number of customers	<u>2,621</u>	
Gas sold	<u>\$ 3,048,245</u>	
Largest Ad Valorem Tax Payers		
LHOIST NORTH AMERICA OF ALABAMA	<u>\$ 264,745</u>	<u>\$ 36,565,140</u>
HPI LANDMARK, LLC	<u>\$ 79,014</u>	<u>\$ 7,901,400</u>
LUMPKIN, EDWIN B, JR	<u>\$ 69,517</u>	<u>\$ 6,951,740</u>
ALABAMA POWER COMPANY	<u>\$ 61,685</u>	<u>\$ 6,168,540</u>
ES 3400 HWY 31 LLC	<u>\$ 55,296</u>	<u>\$ 5,529,600</u>
CALERA 3280 LLC, O'BRIEN LLC, DIXON, LLC	<u>\$ 37,180</u>	<u>\$ 3,718,020</u>
SYSCO FOOD SERVICES OF CENTRAL AL, INC	<u>\$ 36,207</u>	<u>\$ 3,620,660</u>
WAL-MART REAL ESTATE BUSINESS TRUST	<u>\$ 25,311</u>	<u>\$ 2,531,060</u>
ALABAMA BECKNELL INVESTORS, LLC	<u>\$ 22,851</u>	<u>\$ 2,285,060</u>
ES 3610 HWY 31 LLC	<u>\$ 22,757</u>	<u>\$ 2,275,680</u>
Assessed Value of Taxable Property		<u>\$ 280,058,220</u>
Property taxes levied		
State of Alabama	<u>6.5</u>	
City of Calera	<u>10</u>	
Shelby County	<u>16</u>	
General	<u>5</u>	
Road and Bridge	<u>2.5</u>	
County School	<u>14</u>	
County School District No. 2	<u>0</u>	
Total Mills	<u>54</u>	

See independent auditors' report

City of Calera, Alabama
 Selected Debt Ratios (Unaudited)
 For the Year Ended September 30, 2022

Certain Debt Ratios (Statement of Debt to Net Assessed Value, Debt to True Value and Debt Per Capita)

Population	<u>16,494</u>
Net assessed value	<u>\$ 280,058,220</u>
Outstanding general obligation debt	<u>\$ 46,905,000</u>
Ratio of outstanding debt to assessed value	<u>16.75%</u>
Outstanding debt per capita	<u>\$ 2,844</u>

Computation of Constitutional Debt Margin

Net assessed value of taxable property, including motor vehicles, after exemptions	<u>\$ 280,058,220</u>
General debt limit (20% of net assessed value)	<u>\$ 56,011,644</u>
Outstanding general debt obligation debt	<u>\$ 46,905,000</u>
Outstanding general debt obligation debt chargeable against debt limit	<u>\$ 18,635,000</u>
General constitutional debt margin	<u>\$ 37,376,644</u>

See independent auditors' report

City of Calera, Alabama
Schedule of Outstanding Debt (Unaudited)
September 30, 2022

General Obligation Warrants	
Series 2008 Q2 772	<u>\$ 910,000</u>
Series 2008 Q2 REG	<u>\$ 1,210,000</u>
Series 2009 Q2 772CA	<u>\$ 6,295,000</u>
Series 2012-A	<u>\$ 1,380,000</u>
Series 2019-A	<u>\$ 6,285,000</u>
Series 2019-B	<u>\$ 2,555,000</u>
Series 2020	<u>\$ 8,230,000</u>
Series 2021-CWSRF-DL	<u>\$ 20,040,000</u>
Total General Obligation Warrants	<u>\$ 46,905,000</u>
Notes payable	
Private equity	<u>\$ 1,102,799</u>
individual	<u>\$ 228,594</u>
Total Notes Payable	<u>\$ 1,331,393</u>

See independent auditors' report

City of Calera, Alabama
Schedule of Annual Debt Service (Unaudited)
General Obligation Warrants
September 30, 2022

	Series 2008 Q2 772	Series 2008 Q2 REG	Series 2009 Q2 772CA	Series 2012-A	Series 2019-A	Series 2019-B	Series 2020	Series 2021-CWSRF-DL	Total
Year ending September 30,									
2023	\$ 102,629	\$ 133,424	\$ 483,673	\$ 475,195	\$ 621,573	\$ 465,040	\$ 606,048	\$ 418,248	\$ 3,305,830
2024	100,053	130,112	489,194	475,635	625,947	461,940	609,872	1,250,880	4,143,633
2025	97,477	131,785	494,280	475,288	624,197	463,125	603,398	1,248,060	4,137,610
2026	99,886	133,181	498,750	-	626,321	463,465	604,623	1,249,910	3,676,136
2027	102,019	134,486	502,782	-	627,198	463,145	603,323	1,251,320	3,684,273
2028	99,075	135,515	506,199	-	621,948	461,925	606,323	1,247,290	3,678,275
2029	101,115	131,467	509,175	-	625,448	-	603,623	1,247,930	3,218,758
2030	102,880	137,296	516,541	-	631,123	-	605,222	1,248,130	3,241,192
2031	99,568	132,880	523,203	-	629,189	-	606,022	1,247,890	3,238,752
2032	106,133	138,341	529,163	-	636,203	-	603,648	1,252,210	3,265,698
2033	102,453	143,527	534,421	-	637,226	-	603,273	1,250,980	3,271,880
2034	-	-	538,977	-	632,500	-	607,373	1,249,310	3,028,160
2035	-	-	542,829	-	-	-	603,772	1,247,200	2,393,801
2036	-	-	550,983	-	-	-	607,622	1,249,650	2,408,255
2037	-	-	558,170	-	-	-	606,079	1,251,550	2,415,799
2038	-	-	564,566	-	-	-	604,043	1,247,900	2,416,509
2039	-	-	-	-	-	-	606,449	1,248,810	1,855,259
2040	-	-	-	-	-	-	-	1,249,170	1,249,170
2041	-	-	-	-	-	-	-	1,248,980	1,248,980
2042	-	-	-	-	-	-	-	1,248,240	1,248,240
2043	-	-	-	-	-	-	-	1,251,950	1,251,950
	<u>\$ 1,113,288</u>	<u>\$ 1,482,014</u>	<u>\$ 8,342,906</u>	<u>\$ 1,426,118</u>	<u>\$ 7,538,873</u>	<u>\$ 2,778,640</u>	<u>\$ 10,290,713</u>	<u>\$ 25,405,608</u>	<u>\$ 58,378,160</u>

See independent auditors' report